

# STATE OF ALASKA

DEPT. OF ENVIRONMENTAL CONSERVATION  
OFFICE OF THE COMMISSIONER

FRANK H. MURKOWSKI, GOVERNOR

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October 16, 2006

The Honorable Joe Barton  
Chairman, Committee on Energy and Commerce  
U.S. House of Representatives  
Washington DC 20515-6115

Dear Chairman Barton:

The October 6, 2006, letter from the Committee on Energy and Commerce includes several questions regarding the May 2002 Compliance Order by Consent (COBC), No. 02-138-10, between the Alaska Department of Environmental Conservation (ADEC) and BP Exploration (BP). While the Committee's questions are primarily directed to BP, it is appropriate that I address why the COBC was not included in my testimony before your Committee on September 7, 2006. I also want to provide the Committee information regarding ADEC's actions to enforce the COBC. My response to each question follows.

*Why wasn't the COBC mentioned in the September 7, 2006 testimony?*

The Committee's invitation to testify stated that the hearing was entitled, "BP's Pipeline Spills at Prudhoe Bay: What Went Wrong?" The failure to control internal pipeline corrosion before pipeline wall failure is what went wrong. The purpose of the May 2002 COBC was to correct BP's past leak detection violations. ADEC ordered BP to demonstrate compliance with the State of Alaska's leak detection requirements. Pipeline corrosion was not an issue addressed in the COBC. The COBC was not mentioned in the State's testimony because it did not appear relevant to what went wrong with BP's recent pipeline spills.

*What actions did ADEC take to enforce the COBC?*

As described in the COBC, on April 30, 2001, BP had "discovered settled solids in some pipeline segments" that could interfere with the leak detection system. As a result, the COBC required BP to "determine the sediment levels in EOA and WOA pipelines," and pig the pipeline segments to "evaluate and establish the leak detection system compliance."

On August 9, 2002, BP notified ADEC that "as a result of flow meter testing which indicated that there is minimal sediment in the pipeline at the proposed meter

installation point. Accordingly, we do not have a need to pig the line at this time and expect the flow meter to function as designed once installed" (enclosure 1). In that letter, BP requested ADEC concurrence that the pigging requirement in the COBC was not necessary.

Based on the information provided by BP that sediment levels would not interfere with the leak detection system, ADEC concurred with BP on August 14, 2002, that the pigging requirement could be eliminated (enclosure 2). Following leak detection tests that verified compliance with Alaska's leak detection requirements, ADEC closed the COBC on April 3, 2003 (enclosure 3). As provided in the COBC, BP also paid the State of Alaska \$300,000 for failing to comply with the State's leak detection requirements.

I appreciate the opportunity to respond to the Committee's questions and would be pleased to provide further detail should you need it. Thank you.

Sincerely,



Kurt Fredriksson  
Commissioner

Enclosures:

- August 9, 2002 BP letter to ADEC
- August 14, 2002 ADEC letter to BP
- April 3, 2003 ADEC letter to BP

cc (w/enclosures):

- The Honorable Frank H. Murkowski, Governor, State of Alaska
- The Honorable Ted Stevens, Senator, U.S. Senate
- The Honorable Lisa Murkowski, Senator, U.S. Senate
- The Honorable Don Young, Representative, U.S. House of Representatives
- The Honorable Alberto R. Gonzales, Attorney General, Department of Justice
- Vice Admiral Thomas J. Barrett, USCG (Ret.), Administrator,  
Pipeline and Hazardous Materials Safety Administration
- John Katz, Director of State/Federal Relations and Special Counsel,  
Office of the Governor

August 9, 2002

BP Exploration (Alaska) Inc.  
900 East Benson Boulevard  
P.O. Box 196612  
Anchorage, Alaska 99519-6612  
(907) 561-5111

Ms. Lydia Miner  
Alaska Department of Environmental Conservation  
555 Cordova Street  
Anchorage, Alaska 99501

GPB  
305.80.579

**RE: In the Matter of: State of Alaska, Department of Environmental Conservation  
Consent Order Number 02-138-10, Compliance Order by Consent  
Monthly Status Report, July 2002**

Dear Ms. Miner:

Enclosed is BP Exploration (Alaska) Inc.'s monthly status report pursuant to the captioned compliance order by consent. Please note that the project is on track for year-end 2002 delivery.

Table 1 is a summary of status against the milestones included in the COBC. The elimination of one of the milestones; i.e. to "Pig EOA pipeline from FS-1 launcher to Skid 50", is as a result of flow meter testing which indicated that there is minimal sediment in the pipeline at the proposed meter installation point. Accordingly, we do not have a need to pig the line at this time and expect the flow meter to function as designed once installed. We have already completed the installation of the pigging equipment at Skid 50; therefore we have the ability to perform pigging operations at any time in the future without further facility modifications.

Since the pigging operations were included as milestones in the COBC, we request ADEC provide concurrence with our technical justification for not performing the pigging.

Based on the meeting between BP, ADEC, and the office of the State Attorney General, BP will be drafting test protocols for the system pipeline segments to be reviewed by ADEC, and the legal representatives will be meeting to discuss issues around the 1% leak detection criteria and the associated Best Available Technology (BAT) requirements as provided in the COBC.

If you have any questions or need additional information associated with this report, please do not hesitate to call me directly at 564-4275 or Nick Glover at 564-5511.

Respectfully,



Gary R.B. Campbell  
GPB, HSE Manager  
Attachment

cc: W. Hutmacher, ADEC  
C. Leonard, Office of State Attorney General  
N. Glover, BPXA

**In the Matter of: State of Alaska, Department of Environmental Conservation  
Consent Order Number 02-138-10, Compliance Order by Consent**

Table 1: Status of Tasks and Milestones per the COBC

<b>COBC Task</b>	<b>Due Date</b>	<b>July Status Report</b>
Determine sediment levels in EOA and WOA pipelines at Skid 50	03/31/02	All GPB crude oil transmission pipelines have been inspected for sediment and no appreciable sediment build-up was found with the exception of the Flow Station 2 segment. <b>Task Complete.</b>
Modify EOA pig receiver at Skid 50	03/31/02	The modification of the EOAO pig receiver at Skid 50 has been completed. <b>Task Complete.</b>
Pig EOAO pipeline from FS-1 launcher to Skid 50.	06/30/02	The lack of appreciable sediment build-up in the EOAO crude oil transmission pipeline segments, Flow Station 2 excepted, has eliminated the immediate operational need to conduct pigging operations for the purpose of utilizing ultrasonic clamp-on meters. The Flow Station 2 segment was analysed and the low velocity condition made routine pigging of this segment impractical. Installation of a new turbine meter and associated piping appears to be a better option over a strap-on meter for the Flow Station 2 segment. The turbine meter-run, will be reduced diameter piping, providing increased velocity and greater accuracy, while minimizing the potential for future sediment build-up. The installation of this turbine meter at the end of the Flow Station 2 segment does not add to the gravel footprint or pose any additional environmental risk as there is an existing module with a sump and gas detection system available for meter installation. <b>Task Eliminated.</b>
Pig WOA pipeline segments if necessary.	09/30/02	The lack of appreciable sediment build-up in the WOA segments of the GBP crude oil transmission pipelines has eliminated the immediate operational need to conduct pigging operations for the purpose of utilizing ultrasonic clamp-on meters. <b>Task Eliminated.</b>
Test and select flow meters at EOAO pipeline, Skid 50 if necessary.	09/30/02	Testing and evaluation of additional flow meters has been completed. Meters have been ordered and should be delivered in September 2002. <b>Task Complete.</b>
Complete WOA crude oil flow smoothing modifications.	12/31/02	Crude oil flow smoothing modifications will be conducted, as necessary, to demonstrate compliance with the pipeline leak detection regulations. <b>Task Ongoing.</b>
Install and test meters on all pipelines.	12/31/02	Activity anticipated beginning in September 2002.
Evaluate and establish leak detection system compliance.	12/31/02	Activity anticipated beginning once all additional meters are installed and tested.

**DEPT. OF ENVIRONMENTAL CONSERVATION  
DIVISION OF SPILL PREVENTION AND RESPONSE  
INDUSTRY PREPAREDNESS AND PIPELINE PROGRAM  
Exploration Production and Refineries**

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Anchorage, AK 99501  
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**FILE COPY**

August 14, 2002

File No: 305.80.5079

Mr. Gary Campbell  
BP Exploration (Alaska), Inc.  
P.O. Box 196612  
Anchorage, AK 99519-6612

Dear Mr. Campbell:

**Subject: June and July 2002 Status Reports of Compliance Order by Consent (COBC) for BP Exploration (Alaska), Inc. (BPXA) Greater Prudhoe Bay**

The Alaska Department of Environmental Conservation (DEC) has reviewed your letters dated July 15 and August 9, 2002. Upon review of the "Status Report" tables, and after meeting with you on August 6, 2002, we concur with the "completed" status of the following COBC remedial measures:

- Determine sediment levels in EOA and WOA pipelines at Skid 50;
- Modify EPA pig receiver at Skid 50;
- Test and select flow meters at EOA pipeline, Skid 50 if necessary.

We also agree that the following tasks can be eliminated:

- Pigging the EPA pipeline from FS-1 launcher to Skid 50;
- Pigging the WOA pipeline segments if necessary.

If you have any questions, please contact me at 269-7680.

Sincerely,



Lydia Miner  
Section Manager

Enclosures: June and July Status Report Tables

cc: Bill Hutmacher, IP&PP Manager, ADEC  
Nick Glover, BPXA  
Cam Leonard, Alaska Dept. of Law

**In the Matter of: State of Alaska, Department of Environmental Conservation  
Consent Order Number 02-138-10, Compliance Order by Consent**

<b>COBC Task</b>	<b>Due Date</b>	<b>June Status Report</b>
Determine sediment levels in EOA and WOA pipelines at Skid 50	03/31/02	All GPB crude oil transmission pipelines have been inspected for sediment and no appreciable sediment build-up was found with the exception of the Flow Station 2 segment. <b>Task Complete.</b>
Modify EOA pig receiver at Skid 50	03/31/02	The modification of the EOA pig receiver at Skid 50 has been completed. <b>Task Complete.</b>
Pig EOA pipeline from FS-1 launcher to Skid 50.	06/30/02	The lack of appreciable sediment build-up in the EOA crude oil transmission pipeline segments, Flow Station 2 excepted, has eliminated the immediate operational need to conduct pigging operations for the purpose of utilizing ultrasonic clamp-on meters. The Flow Station 2 segment was analysed and the low velocity condition made routine pigging of this segment impractical. Installation of a new turbine meter and associated piping appears to be a better option over a strap-on meter for the Flow Station 2 segment. The turbine meter-run, will be reduced diameter piping, providing increased velocity and greater accuracy, while minimizing the potential for future sediment build-up. The installation of this turbine meter at the end of the Flow Station 2 segment does not add to the gravel footprint or pose any additional environmental risk as there is an existing module with a sump and gas detection system available for meter installation. <b>Task Eliminated</b>
Pig WOA pipeline segments if necessary.	09/30/02	The lack of appreciable sediment build-up in the WOA segments of the GPB crude oil transmission pipelines has eliminated the immediate operational need to conduct pigging operations for the purpose of utilizing ultrasonic clamp-on meters. <b>Task Eliminated.</b>
Test and select flow meters at EOA pipeline, Skid 50 if necessary.	09/30/02	Testing and evaluation of additional flow meters has been completed. Meters have been ordered and should be delivered in September 2002. <b>Task Complete.</b>
Complete WOA crude oil flow smoothing modifications.	12/31/02	Crude oil flow smoothing modifications will be conducted, as necessary, to demonstrate compliance with the pipeline leak detection regulations. <b>Task Ongoing.</b>
Install and test meters on all pipelines.	12/31/02	Activity anticipated beginning in September 2002.
Evaluate and establish leak detection system compliance.	12/31/02	Activity anticipated beginning once all additional meters are installed and tested.

**In the Matter of: State of Alaska, Department of Environmental Conservation  
Consent Order Number 02-138-10, Compliance Order by Consent**

Table 1: Status of Tasks and Milestones per the COBC

COBC Task	Due Date	July Status Report
Determine sediment levels in EOA and WOA pipelines at Skid 50	03/31/02	All GPB crude oil transmission pipelines have been inspected for sediment and no appreciable sediment build-up was found with the exception of the Flow Station 2 segment. <b>Task Complete.</b>
Modify EOA pig receiver at Skid 50	03/31/02	The modification of the EOA pig receiver at Skid 50 has been completed. <b>Task Complete.</b>
Pig EOA pipeline from FS-1 launcher to Skid 50.	06/30/02	The lack of appreciable sediment build-up in the EOA crude oil transmission pipeline segments, Flow Station 2 excepted, has eliminated the immediate operational need to conduct pigging operations for the purpose of utilizing ultrasonic clamp-on meters. The Flow Station 2 segment was analysed and the low velocity condition made routine pigging of this segment impractical. Installation of a new turbine meter and associated piping appears to be a better option over a strap-on meter for the Flow Station 2 segment. The turbine meter-run, will be reduced diameter piping, providing increased velocity and greater accuracy, while minimizing the potential for future sediment build-up. The installation of this turbine meter at the end of the Flow Station 2 segment does not add to the gravel footprint or pose any additional environmental risk as there is an existing module with a sump and gas detection system available for meter installation. <b>Task Eliminated</b>
Pig WOA pipeline segments if necessary.	09/30/02	The lack of appreciable sediment build-up in the WOA segments of the GPB crude oil transmission pipelines has eliminated the immediate operational need to conduct pigging operations for the purpose of utilizing ultrasonic clamp-on meters. <b>Task Eliminated.</b>
Test and select flow meters at EOA pipeline, Skid 50 if necessary.	09/30/02	Testing and evaluation of additional flow meters has been completed. Meters have been ordered and should be delivered in September 2002. <b>Task Complete.</b>
Complete WOA crude oil flow smoothing modifications.	12/31/02	Crude oil flow smoothing modifications will be conducted, as necessary, to demonstrate compliance with the pipeline leak detection regulations. <b>Task Ongoing.</b>
Install and test meters on all pipelines.	12/31/02	Activity anticipated beginning in September 2002.
Evaluate and establish leak detection system compliance.	12/31/02	Activity anticipated beginning once all additional meters are installed and tested.

# STATE OF ALASKA

DEPT. OF ENVIRONMENTAL CONSERVATION  
 DIVISION OF SPILL PREVENTION AND RESPONSE  
 INDUSTRY PREPAREDNESS PROGRAM  
 Exploration Production & Refineries

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**FILE COPY**

April 3, 2003

File No. 305.80.5079

Mr. Jack Fritts  
 Greater Prudhoe Bay Unit Operations Manager  
 BP Exploration (Alaska), Inc.  
 P. O. Box 196612  
 Anchorage, AK 99519-6612

Dear Mr. Fritts:

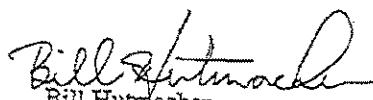
Re: Closure of Compliance Order by Consent (COBC) No. 02-138-10; BP  
 Exploration (Alaska) Inc., Greater Prudhoe Bay; ADEC Plan No. 014-CP-5079.

On March 26, 2003, the Alaska Department of Environmental Conservation (DEC) received BPXA's letter requesting termination of this compliance order by consent (COBC) regarding the crude oil transmission pipeline leak detection system for Greater Prudhoe Bay.

Your letter included a description of the leak detection system tests conducted in December 2002 and the results of these tests that establish compliance with the standard established in Alaska regulation 18 AAC 75.055(a)(1). The system in place at Greater Prudhoe Bay detected a simulated discharge smaller than 1% of the current daily throughput at the six pipeline segments tested. The letter also included a description of maintaining these leak detection capabilities.

With this submittal, BPXA's obligations under the COBC have been completed, and DEC is closing the COBC. If you have any questions, please contact DEC at the number listed above or me at 269-3054.

Sincerely,

  
 Bill Huttmacher  
 Program Manager

cc: Larry Dietrick, ADEC  
 Lydia Miner, ADEC  
 Cam Leonard, Dept. of Law  
 Gary Campbell, BPXA  
 Mike Bronson, BPXA  
 Jeff Conrad, BPXA

CATS Complaint No 2002-138